WINSTON-SALEM JOURNAL

81ST YEAR NO. WINSTON-SALEM, N.C., WEDNESDAY, FEBRUARY 22, 1978 ★ 58 PAGES 15 CENTS

Jury Finds Kaiser Not Guilty of Bugging FBI at Bank

By Guy Williams
Staff Reporter

Martin L. Kaiser has been found not uilty of bugging FBI agents, conspiracy nd illegally transporting listening evices.

The verdict was returned by a jury of ight women and four men after 2½ hours f deliberation yesterday afternoon in U.S. iddle District Court here.

Kaiser, an electronic surveillance ex- ert from Cockeysville, Md., had been harged with helping Edwin Duncan Jr. nd Gwyn E. Bowers bug FBI agents who ere investigating Northwestern Bank last year. Duncan, former bank board chairman, and Bowers, a former bank vice president, pleaded guilty to similar charges last November.

The bugging took place between April and July 1977 in an office in the bank's headquarters in Wilkesboro.

"In all honesty," Kaiser said after the verdict was announced, "it's what we expected. Needless to say, I'm satisfied."

Throughout the eight-day trial Kaiser admitted installing bugging equipment in a bank office used by the FBI agents but denied knowing that Duncan and Bowers would use the equipment illegally. The government case contended that Kaiser was fully aware that bank employees would use the bugging system to illegally monitor the FBI investigation.

"What this case is really about is human rights — the right to human privacy," said Assistant U.S. attorney Benjamin White in his final argument yesterday morning.

"There is nothing illegal about him installing these devices — many attorneys have them in their offices, many businessmen have them in their offices," said John Morrow, one of Kaiser's attorneys.

Much of Kaiser's trial was marked by controversy over his past business dealings with the FBI. Kaiser, who is a major manufacturer of surveillance equipment for government agencies, filed a pretrial affidavit protesting that the FBI was seeking revenge against him.

Kaiser said the FBI wanted vengeance because of testimony he gave before congressional panels on surveillance matters. He had identified an FBI-front company that bought his equipment and resold it to the FBI and other government agencies at marked-up prices.

Most of the defense witnesses were from law enforcement agencies, and most testified that Kaiser is reputable and trustworthy. Kaiser testified that he sells bugging equipment and bomb detection gear to more than 200 law enforcement groups. His clients, he said, include the CIA, the Army and Air Force and several foreign governments.

In his closing remarks, White questioned the nature of Kaiser's relationships with his clients. After saying that Kaiser had once had the trust of law enforcement groups, White said, "Mr. Kaiser sold that trust, ladies and gentlemen, for $3,500 (Kaiser's fee for the Northwestern Bank bugging)."

Shortly after the end of the trial, Kaiser's attorneys told reporters Northwestern has never paid Kaiser' "We hope we don't have to sue them it — they're a big bank," said Be Fensterwald, a Washington lawyer once defended James McCord, one Watergate burglars.

Kaiser said he plans to visit his dau in Florida and then return to work. really been out of business since Ju (the date of his indictment)," he "I'm really looking forward to g back to it."